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# THE CASE FOR A LEGAL MINIMUM WAGE

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## The Case for a Legal Minimum Wage.

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IN a discussion of the institution of a National Legal Minimum Wage there is no need to deal with the fascinating but abstract subject of the right of the State to interfere with the conditions under which persons employ, or are employed. The development of factory legislation and its effects upon national life and industry have settled the question as to the limits of State regulation in this sphere once and for all by proving that experience alone can shew where these limits ought to be fixed. The only real criticism to which industrial legislation is now subjected is not on the ground of principle but on the practical question of effectiveness in points of detail, and such criticism leads to continual demands being made for the extension of legislation to secure a standard minimum of leisure and safety for an increasing number of the workers.

### State Minima.

But not only in matters of safety and leisure has the State assumed, with general approval, the duty of fixing a standard. All normal children, and many who are abnormal, are legally required in the interests of national mental efficiency to receive a minimum of instruction ; every person is supposed to be compelled to conform to a certain sanitary minimum ; and in housing the State is gradually feeling its way to the enforcement of a minimum of health and comfort. These measures, aiming at the protection of the masses from the evil effects of anarchic industrial conditions, are, however, limited to a considerable extent in their utility by the failure of the State to secure sufficient remuneration to those industrially employed. There appears to be a superstition held by economists and politicians, even by those who have no prejudice against State regulation in itself, that the cash relation between employer and employed is so sacred that to interfere with it by law is to commit the unpardonable economic and political sin. Moreover, it was thought that the worker would become educated through compulsory Education Acts ; healthy through Public Health Acts ; comfortably housed through Housing Acts ; and that the inevitable result of this education, health and comfort would be increased mental and physical efficiency capable of effecting a dead lift in wages all round. This expectation has not been realized, as may be easily gathered from recent well-known enquiries into social conditions. It is glaringly apparent that an alarming proportion of the mass of the people, in spite of the efforts of the State by indirect and partial means to

raise the standard of life, do not receive sufficient wages to provide for a healthy physical existence. The researches of Mr. Charles Booth and Mr. B. S. Rowntree indicate that it is probable that at least twelve millions of our population are living just on or below a level of bare subsistence. This estimate appears to be so well founded that a responsible politician, Sir Henry Campbell-Bannerman to wit, adopted it as an argument in favor of the return of the Liberal Party to power. It is true that according to Mr. Rowntree a good deal of this degrading poverty arises from the careless and unscientific expenditure of incomes, which, if carefully and scientifically expended would be just sufficient to maintain physical efficiency. The class which suffers through this cause would not be directly assisted by the enforcement of a legal minimum wage of the kind we shall discuss, but below it there is another class which does not receive enough to maintain physical efficiency, no matter how wisely the family expenditure may be regulated. Nothing but a rise in family income can help this lower class.

### Wages Clauses in Public Contracts.

In spite of the protests of old-fashioned economists against the legal regulation of wages, the State, both central and municipal, has begun to act upon the principle that no sweating or underpayment must be allowed in its direct or indirect service. The adoption by public bodies of a "standard," "fair," "agreed," or "trade union" rates of wages clause in forms of tender for their work is undoubtedly a small step in the direction of the regulation of wages by the State, even though it may be simply a public endorsement of a private agreement arrived at between employers and a trade union. And when a municipal body goes further and, finding that there is no "standard," "fair," "agreed," or "trade union" rate in a particular trade, proceeds to fix a minimum wage for members of that trade when it is engaged upon public work, either directly, or through the medium of a contractor, a longer and still more important step in the same direction has been taken, and the infringement of the right of free contract in matters of wages becomes extremely flagrant. The London County Council for several years has fixed minimum rates to be paid by contractors who carry out its tailoring work ; and, recently, the companies who take the contracts for keeping clean the acres of glass in London's educational and other public buildings have been bound by the Council to pay a minimum rate per hour to the men engaged upon the work. Along these lines something has been done to help weak and unorganized sections of labor to attain a higher standard of comfort. But there are strict limitations to the efficacy of wage clauses in contracts for public work. It is very difficult in an occupation which is either badly organized or wholly without a trade organization to make certain that the clauses are observed. In those trades where unionism is strong the natural tendency of the contractor to try to get round the labor conditions of his contract

can be more or less effectively checked. Where unionism is either absent or weak the way of the transgressing contractor is easy. Moreover, the number of persons employed directly or indirectly upon municipal or State work under regulated conditions, while increasing, is at present comparatively small, and although the number of contractors who carry out such work is large the regulated conditions do not apply to all their employees but only to those engaged in executing the public contracts. Hence we find that the tailoring contractor to the London County Council will pay the minimum rate for the Council work ; but it is understood that the worker who is given a park-keeper's suit to make up is compelled to balance the advantage in wages accruing therefrom by taking a certain quantity of other work for her employer's private customers at a far lower rate of pay than the County Council's minimum. To parody the showman's classic phrase, what she gains on the regulated municipal uniform she loses on the unregulated private overcoat.

Therefore, although the introduction of wage clauses and the fixing of minimum rates in connection with public work are extremely desirable and useful they do not promise to be either efficient or speedy as a means of improving the lot of those for whom an immediate rise in income is the only salvation. They are mentioned here simply as illustrations of the fact often overlooked, that the State, in spite of the serious warnings of economists, has begun, if only in a very tentative way, to take an intelligent interest in the terms of the cash nexus between employer and employed.

### Obsolete and Modern Economic Theory.

"All generous minds," says the most genial of American essayists, "have a horror of what are commonly called facts." One need not possess a very generous mind to have a horror of what used to be called political economy. It is now happily banished to Saturn ; but it must not be supposed that genuine economic science has been banished with it. The Saturnian economy was the economy of middle class professional life, in which every man is his own employer and capitalist, absurdly applied to modern industrial civilization by college professors. It misled the nation on every practical issue ; and it would, if it could, prevent the enactment of a minimum wage law by giving yet another mistaken verdict against it. Those who are desirous of learning in detail the arguments in support of such a verdict, and also how they may be effectively demolished, are referred to Mr. and Mrs. Sidney Webb's *Industrial Democracy*. But the professors still protest. They were against the Factory Acts ; against the prevention of capitalist exploitation of children of tender years ; against the fencing of dangerous machinery ; against trade combinations of the working people ; in a word against the whole trend of modern industrial and social legislation. Against the enactment of a minimum wage law they reason as they taught the individualistic opponents of the Ten Hours' Bill to reason sixty years ago. They urge that the cost of production would be increased in



the industries where the minimum wage was enforced, and that therefore they would inevitably shrink or collapse owing to the falling off in the demand for their products which would result from the rise in price caused by the increased cost of production. This would tend to swell the ranks of the unemployed, and the last stage of the sweated worker would be worse than the first. This argument is based upon the assumption that the industries referred to can only exist by the employment of sweated labor. The practical opposition to the abolition by legislation of insanitary, unsafe, and unhealthy factories and workshops, and to the State prevention of excessive overworking of women and children was based upon similar assumptions. "The cotton industry will be ruined," said the Lancashire millowner in effect, backed up by the economic professors, "if it is compelled to bear the expense of making decent the places in which the manufacture is carried on." Speaking in the House of Commons in 1855 against a Bill for the compulsory fencing of machinery, John Bright said that if the Bill passed he would advise his partners to shut up their mills because the legislature would not allow them to employ their hands at a profit.\* Needless to say there was still a handsome dividend to be drawn from the cotton industry after the cost of fencing machinery had been met ; and the Lancashire mills are still open, thereby shewing scant respect for college-made economics. We know now that the effect of stopping competition in wages at the expense of the vitality of the workers is, to quote from *Industrial Democracy*, to concentrate it upon efficiency. A minimum wage would continue and intensify that salutary concentration. Doubtless a number of the weakest and least efficient workers would then be excluded from employment where formerly they had been able to keep themselves partially alive by their sweated and inefficient labor, inefficient because underpaid. This result instead of being deplored should be welcomed. It would draw attention to the urgent need for the State to take in hand the problem of the unemployable—a problem which arises mainly through the absence of a national minimum wage. Even if some occupations were unable to bear the cost of a minimum wage it would obviously be a national benefit for them to disappear rather than to continue by living upon the life capital of the nation.

### Wages Law in New Zealand.

Before going further into detail with regard to the proposed law it will be well at this stage to consider an important practical objection, namely, that although it might be possible to draft on paper a satisfactory Minimum Wage Bill, and even get it passed, the Act would break down in practice owing to the immense difficulties which would arise in its administration. It is urged that the work of calculating and fixing the minimum wage rate and of inspection for the prevention of evasion would be so vast and minute that the wit of man could not devise machinery capable of coping with it.

\* Simpson, *Many Memories of Many People*, pp. 263-264 ; quoted by Prof. Dicey in *Law and Opinion in England*.

When, however, we turn to Australasia, we find laws in operation there demanding a system of administrative organization more complex than would be required in connection with a minimum wage law founded on the cost of living. The New Zealand Arbitration Acts, the effect of which has been the institution of legal minimum rates of wages on the basis of what each trade arbitrated upon will bear, entails upon the members and officials of the Conciliation Boards and the Court of Arbitration a vast amount of labor in settling multitudinous points of great difficulty which would not arise here under a minimum wage law. Some idea of what those labors have been may be formed from the following quotation from *State Experiments in Australia and New Zealand*, by the Hon. William Pember Reeves:

"The trades that have come under the awards of the tribunals have been those of the bootmakers, seamen, goldminers, coalminers, printers, tailors, millers, carpenters, plumbers, painters, moulders, drivers, saddlers, tailoresses, dressmakers, sawmillers, engineers, iron-workers, furniture-makers, bakers, confectioners, butchers, grocers' assistants, and others of less importance. The questions arbitrated upon have already included most of the hard nuts which students of labor conflicts know so well. Among them are hours of labor, holidays, the amount of day wages, the price to be paid for piece-work, the proportion of apprentices, the facilities to be allowed to trade union officials for interviews with their men, the right of employers to engage non-unionists, or to discharge or refuse to engage unionists, the conduct of unionists in refusing to work side by side with 'free laborers,' and pressure exerted by employers to induce them to join a private benefit society."

Yet, in spite of the hardness of the nuts mentioned by Mr. Reeves, they have been successfully cracked without any serious strain upon the machinery provided for the purpose, or any strong or widely-spread dissatisfaction arising with the methods adopted.

### State Action in Victoria.

Again, the Shops and Factories Act of the State of Victoria, Australia, which so far is the boldest experiment entered upon for the stamping out of sweating and industrial parasitism, necessitates an elaborate system of enquiry and inspection in each trade brought under the Act. The measure, besides being one for the regulation of factories and shops on the ordinary lines, also contains clauses which make it an actual minimum wage law, and accordingly deserves special attention.

The Act as passed in 1896 provided for the appointment of special boards to fix wages and piecework rates for persons employed either inside or outside factories in making clothing or wearing apparel or furniture, or in breadmaking or baking, or in the business of a butcher or seller of meat. Special boards might be appointed for any process, trade or business usually or frequently carried on in a factory or workroom, provided a resolution had been passed by either House of Parliament declaring it to be expedient to appoint



such a board. The special boards were to consist of not less than four or more than ten members and a chairman, and to hold office for two years. Half the members (elected as prescribed) were to be representatives of employers and half of employees. If the employers' or employees' representatives were not elected the Governor in Council was given the power to appoint representatives. He was also empowered to fill all vacancies. The members of a board might elect a chairman (not being one of such members); if they did not elect a chairman the Governor in Council might appoint one. The members of these boards were to be paid 10s. per full day, 5s. per half day, the chairman £1 per day with travelling allowances. A board might fix either time rates or piecework rates, or both; must also fix the hours for which the rate of wages was determined, and the payment for overtime, and in fixing wages might take into consideration the nature, kind, and class of work, and the mode and manner in which the work was to be done, the age and sex of the workers, and any matter which might be prescribed by regulation. A board could settle the proportion of apprentices or improvers to be employed in any process, trade, or business, and the wage to be paid to them; and in fixing such wage might consider age, sex and experience. The determination of a special board was to apply to every city and town and might be extended by the Governor in Council to any borough or shire or part of a shire. A board could determine that manufacturers might be allowed to fix piecework rates based on the minimum wage. That is to say, the board, after fixing time wages itself, might leave it to employers to pay a fair equivalent to their pieceworkers. The Chief Inspector might, however, challenge any rate so paid, and the employer might have to justify it before the board.

### **The Success of the Victorian Act.**

The boards set up for the baking, clothing, bootmaking, shirt-making, and underclothing trades, in spite of intricate complications, found it possible to arrive at determinations which have given general satisfaction. The furniture trade board had the most onerous task, as certain sections of the trade are in the hands of the Chinese, whose idea of honoring Factory Acts of this kind is to contravene them. Though collusion between Chinese masters and their Chinese workpeople to outwit the inspector in matters of wages and hours was glaringly obvious, the cunning of the yellow man was too often superior to that of the representative of the law when it became a question of securing legal proof that the regulations had been broken. Yet even here sweating has been checked to a very great extent, and the conditions of the trade in 1901 were reported as far superior to those prevailing before the establishment of the wages board.

It is important to note that the alleged tendency of a minimum wage to become the maximum has not shown itself. In May, 1902, the Chief Inspector asserted that whereas in the clothing trade, in 1901, the minimum wage for adult males was 45s. per week, the average paid was 53s. 6d. For adult females the minimum was 20s.,

the average, 22s. 3d. He instanced similar differences in the boot, furniture, and shirtmaking trades.

Owing to the favorable results of the working of these six boards, twenty-six other trades have been brought under the operation of the Act—amongst others, the aerated water trade, artificial manure making, bedstead making, brassworking, brewing, brickmaking, coopering, dressmaking, jam-making, ironmoulders, pastrycooks, plate-glass making, stonecutting, tinsmithing, woodworking, etc., etc.

By the end of 1904 determinations had been made by the above 32 boards, except in the case of the tinsmiths, where the fixing of piecework rates caused delay. In all cases rises in wages had been made, and in nearly every instance the staff of inspectors reported that the decisions of the boards had been acted upon without any serious friction taking place. In two industries only does it appear that trouble arises. One is the furniture trade, which suffers from the blight of yellow labor. According to the Chief Inspector's report of December, 1904, a case of evasion by a white firm engaged in the furniture trade was discovered, and the employer was compelled to hand over to his underpaid workmen the sum of £40 each. It should be mentioned in passing that a weakness of the Act is that no provision appears to be made for punishing the men as well as the employers in a case of collusion. The other of the two troubled trades is that of dressmaking. Here dissatisfaction has been caused by the low minimum wage fixed by the board, which, following the example of all the other boards, based its award upon the principle of giving what the trade would bear.

In 1903 a court was created in order that appeals against the determinations of the wages boards might be heard. By December, 1904, only one case had come before the court—an appeal by the employers in the artificial manure industry against a decision fixing a minimum wage of 40s. 6d. The employers were successful, the award being reduced to 36s. This dearth of employment for the Appeal Court may fairly be taken as further evidence that the Act is working smoothly.

The Victorian Act, 1896, was intended as an experiment to be tried for three years only. In 1899 it was amended slightly and extended for two years plus a session of parliament. In 1902, when a sudden dissolution of the Victorian parliament endangered it, an Act was got through again extending its life, this time until 1905. The Chief Inspector of Factories, in Dec. 1904, reported strongly in favor of the Act being made a permanent one. Last year (1905) the Act was again renewed.\*

It has been urged that the successful working of Australasian laws affecting wages and dealing with complicated and minute details, throws no light upon the question as to whether similar laws would be practicable in England, because the population of Australasia is less than one-tenth that of the United Kingdom. This objection is easily disposed of. Melbourne, Manchester and Birmingham

\* For further details of Australasian Labor laws see Fabian Tract No. 83.

have practically the same population: five hundred thousand each. The notion that the experience of Melbourne is useless as a guide to Manchester is flatly contrary to common sense. The two cities resemble each other far more closely than Shrewsbury resembles Sheffield.

### The Proper Basis of a Minimum Wage Law.

So far we have been discussing the objections to State interference with wages, and to the fixing of any kind of minimum wage by Act of Parliament. We now have to consider the form such an Act would take in this country.

The Act should aim at the fixing and enforcement of a wage sufficient to enable our workers to be maintained in healthy existence. Therefore, the wage should be calculated on what the worker requires for physical health and efficiency, and not on what the trade will bear. The latter method, obviously resulting in the fixing of different minimum rates for each trade, would come under the head of wage regulation, which, in the interests of industrial peace, may be extremely desirable, but is something quite apart from the establishment and enforcement of a national minimum wage in the interests of physical and industrial efficiency. The minimum wage would not replace "standard" or "trade union" rates where these were the higher amount.

In the second place the law must be national: that is, must apply to the whole country in order that no district shall undersell another in the labor market at the cost of national vitality. Thirdly, since the last condition cannot be fulfilled by equal money wages all over the country, the Act must be drafted on the assumption that it is possible to determine a national minimum of *real* wages: that is to say such a wage as, worked out in its cash equivalent will equalize all local variations in cost of living.

### Relative Wages of Men and Women.

The necessity for fixing a lower wage for women than for men raises one of the greatest difficulties in the way of an equitable solution of the problem; and it must be said at once that it is a difficulty which cannot be fairly adjusted without bringing the Poor Law to the aid of the Minimum Wage.

The reason for paying men more highly than women is that under our marriage institutions the man is the woman's paymaster for her domestic work. This domestic work, including childbearing and the rearing of children, is onerous, dangerous, and absolutely indispensable to society. But the woman is not directly paid for it: she is given, instead, a legal claim on her husband's means, name, and status. Therefore it is admitted that the man, having to support another adult and their children, must receive a wage sufficient to maintain these several persons, whilst the woman is regarded industrially as a single woman, needing only enough to support herself.

The objections to such an arrangement are obvious. Some men are not married, and are therefore receiving family wages for single



life. What is far worse, some women are widows with children ; and these women are receiving the wages of a single adult, and starving a family on it.

To novices in political science it may seem simple to establish two wages, one to be paid to married and the other to single workers. But in competitive commerce such solutions are utopian. If married men cost more in the labor-market than single ones, employers would never employ a married man where a single one was available ; and the married men would thus tend to be driven out of the market by the single ones. The same would be true of women. Further, if women and men were paid at the same rates, men would always be employed in preference to women wherever possible, because, fairly or unfairly, male labor is considered industrially superior to female. The demand for "equal wages for men and women" is perfectly well known to trade-unionists as a device for keeping women out of men's trades. Any attempt to maintain two prices in the labor-market for the same article, or to maintain the same price for two different qualities of the same article, must fail, because nobody will buy at the higher price when he can get what he wants at the lower, and nobody will take second quality when he can get first quality for the same money. Therefore, whilst the present competitive system of employment by competing private enterprises prevails, the industrial minimum wage must conform to three conditions : (a) It must be lower for women than for men ; (b) all men must have the same minimum wage, and all women the same minimum wage ; (c) the man's wage must be enough to support a family, and the woman's to support a single independent adult.

This leaves the problem of the bachelor and the widow with children unsolved, just as they are left unsolved by our present system.

The case of the bachelor may be disregarded for two reasons ; (a) if the minimum wage secures enough to the married man, it is no evil, but only a negligible inequity, to let the bachelor have a little more than enough ; (b) the practice of working men at present shows that, as a matter of fact, they do not find that they can provide themselves with domestic service and companionship more cheaply as bachelors than by marriage.

The case of the widow cannot be set aside in this way. Nothing can be more deplorable than the position of a woman who, in addition to industrial work, has to be both father and mother to a family, and yet can get only the wages of an underpaid single person. It is impossible for her to maintain her health and self-respect under such circumstances. When her children grow up they are more likely to join "the residuum," and become a heavy charge on the community, than to add to its resources. She must be rescued from this miserable and mischievous condition. But a minimum wage law alone cannot rescue her, though it alone can make her rescue possible. The only way of meeting her case is to give her, as a matter of right, sufficient assistance from public funds to enable her, with the aid of free public schools, and free meals in them, to make up her income to the standard for heads of families. There is no element of charity

in this. The death of her husband has cut off the payment made through her husband for her services to society in bearing and rearing children ; and the continuation of this payment through another channel is no more than her due.

One of the weightiest arguments in favor of a minimum wage law is that it would make such an arrangement workable for the first time. Without such a law, the widow's allowance would be used, as soldiers' pensions now are, to cheapen her labor and drag down the wages of her competitors to the level of what starving widows could be driven to accept in addition to their allowances. That is what happened in the case of the old parish allowances which were so ruthlessly cut off under the Poor Law of 1834. Wages went down ; outdoor relief went up ; and employers got labor at the expense of the rates, with results that were morally and industrially ruinous. But the merciless and inconsiderate cutting off the allowances altogether without making other provision for the widow was not a remedy : it was a catastrophe to which we are indebted for our present problem of the unemployable and our physical deterioration scare. The cruelties of the new Poor Law have, in their own way, been as great a failure as the indulgences of the old one. They stand to-day condemned as perhaps the most disastrous of the many practical blunders produced by the application of individualist economics to social problems. Had the reformers of that day looked at the situation from a social point of view, they would have placed the workers behind the bulwark of a legal minimum wage instead of abandoning them to the horrors of unrestrained competition in a market where sordid selfishness was deliberately worshipped as a divine ordinance for insuring the spontaneous welfare of the human race.

Public provision for widows with families will raise no difficulty whatever when it has a minimum wage for women as its fulcrum. Instead of a rate in aid of wages, it will become a form of State endowment of motherhood and orphanage. As such it might well have terrified the politicians of seventy years ago, who were in the first panic of an unprecedented increase of population. But to-day we are in the first panic of a most alarming diminution of our birth-rate ; and anything that promises to relieve the family anxieties which have so powerfully spread the artificial restriction of the population since 1880 is on that account alone highly desirable.

It only remains to note that the funds for such allowances should not come from local rates or be connected with any stigma of "pauperism." The burden—or rather the investment, for it would pay us enormously in national health—is essentially a national and not a local one ; and its fittest source is taxation of rent, interest and industrial profits.

### The Unemployable.

A minimum wage law cannot help the unemployable. On the contrary, we must frankly face the fact that it will increase their numbers at first. For in competitive commerce unemployable is not an absolute but a relative term. A man who is employable

at twelve shillings a week may be unemployable at twenty-four. A woman who is employable at four shillings a week may be unemployable at twelve. On the other hand, a man who is actually employed at eighteen shillings may be quite employable at twenty-four, and a woman actually employed at twelve quite employable at eighteen. That is, if their employer had either to raise their wages or refuse to employ them at all, he would raise their wages and be content with less profit. Consequently it must not be assumed that all the workers who are now receiving less than the legal minimum would be thrown out of employment. But some of them would. Our social anarchy has created not only an absolutely unemployable class, but a class just above them which is commercially only just worth employing at starvation wages in busy times. If the employers had to pay these a standard subsistence wage, however modest, they would discharge them at once and add them to the ranks of the absolutely unemployable. What is more, there are whole industries dependent on sordidly cheapened labor which would be wiped out by the minimum wage. And there would be indignant letters to the press from benevolent persons shocked by individual cases of poor men and women deprived of their little wage and flung into destitution, with much furious clamor from the sweated trades and their landlords and shareholders. But the destruction of the trades which subsist only by sweating is one of the beneficent results which the minimum wage is expressly devised to accomplish. And it is far cheaper for the nation to deal with the unemployable as destitute persons by wisely adapted poor law methods than to allow them to drag down decent workers to their level by their competition in the labor market. Besides, it must be remembered that whereas under the present system there is a constant supply of unemployables produced by abject poverty and the physical and moral deterioration it creates, a minimum wage would abolish this poverty and so cut off the supply. We should have only one generation of ordinary unemployables to deal with. When they died out, we should only have the casual imbeciles and criminals; and even these would be enormously reduced in number, as they too are largely poverty products.

There is another most important deduction to be made from the total of temporary destitution to be apprehended from the first effects of a Minimum Wage Law. It is quite a mistake to suppose that all the direct recipients of starvation wages are starved. A large number of them are well-fed and even blooming lasses who are really supported at home by their parents, but are willing to work in a factory for the sake of five or six shillings a week pocket-money and the comparative gaiety of factory life. The father, having to support the girl in any case out of his earnings, is glad to have her demands for money not only stopped, but actually replaced by a contribution of a few shillings to the housekeeping. It seems an excellent arrangement to all immediately concerned; but it involves incalculable social mischief. Not only is the woman, when she has to support herself wholly, or is perhaps left a widow with several children, compelled by the competition of the girls to starve on five



or six shillings a week ; but the trade at which she is working is not a genuinely self-supporting one: it is parasitic on the trades in which the fathers of the girls work, and produces all the industrial and social evils which recent economic investigations have brought home to parasitic trades. If this practice were defeated by a Minimum Wage Law, the girls would not be deprived of their livelihood, but simply sent back to their families with the prospect of re-entering industrial life later on with a sufficient wage secured by law. And the temptation to the parents to rely to some extent on their children's earnings, either by resisting reductions of wage less determinedly, or working less, or spending more in questionable ways—a tendency which sometimes ends in the reduction of the wages of a whole family to the sum formerly earned by the father alone—would be removed.

In short, much of the loss of employment and the bankruptcy of parasitic trades which the enactment of a Minimum Wage Law might involve would be blessings in a very thin disguise. But as to the unemployables, however light-heartedly we may look forward to a future when they shall have disappeared, we must not forget the first effect of the law will be to throw more of them on our hands, and that they must not be left to starve. As social invalids, they will have to be dealt with in some of the known forms of disciplined colonies for unemployables ; cured, reformed or trained as far as is possible, and treated with as much consideration as the nature of their case permits.

In fixing the relative wages of men and women, regard must be had to the fact that family life costs much less per head than single life. If, for instance, it were calculated that thirty shillings a week would be a sufficient minimum for a family of five persons, it would by no means follow that six shillings a week would suffice for a single woman. A woman with six shillings a week could live decently on it only by getting received into a family ; and this would reproduce the evils of parasitic trade exactly as if she were a daughter. Her wage must be calculated on the basis of the needs of a single adult living independently without any other resources. It will then be found that the difference between the man's wage and the woman's will be much less than at present, and will probably be scarcely more than sufficient to protect women from having to compete with men in the labor market at equal wages.

Finally, it must never be forgotten in dealing with the wages of women, that the possibility of eking out insufficient wages by occasional or systematic prostitution is always present, and that there are trades in which the employers have as little scruple in taking this into account in the wages they offer as a hotel-keeper has in taking tips into account in the wages he pays a waiter. And as the hotel practice has the effect of making it compulsory on a waiter to accept tips if he is not prepared to starve, so women may be, and sometimes are, compelled to resort to prostitution to keep themselves alive. Their minimum wage should, therefore, be sufficiently high to save them from so demoralizing an alternative, and even from having to escape from it by contracting clearly undesirable marriages.

## The Real Minimum Wage.

The first provision of the Minimum Wage Law would be one for the ascertainment of the minimum of food and clothing necessary for the healthy subsistence of (a) an average family, reckoned as consisting of a man, his wife, and three children; and (b) an adult woman living by herself. This could be made the duty of either a Special Commission appointed for the purpose, or of the Labor Department of the Board of Trade. The researches recently conducted by the Labor Department into working class budgets would form an admirable basis for the prosecution of the necessary enquiries. The task would not be one of extreme difficulty. Mr. B. S. Rowntree, in his book on *Poverty* in York, goes very carefully into the matter, and has drawn up tables of the minimum amount of food needed for adults and children for the maintenance of merely physical efficiency. He bases his estimates upon the results of the scientific experiments of Professor Atwater, of the U.S. Department of Agriculture, and of Dr. Dunlop, who made a series of studies upon the dietaries of prisoners in Scotland. Mr. Rowntree's tables follow in some respects the dietaries for paupers framed by the Local Government Board; but they are not so generous, nor would they cost as much. His figures as to the amount of poverty which festers under the shadow of York Minster, have been criticized as exaggerated, but no one will accuse him of asking for a highly luxurious diet as a minimum. The question of clothing and indispensable household necessities would be less easy to settle. Mr. Rowntree bases his estimate upon enquiry among those who know what poverty means, and he arrives at the conclusion that an adult cannot be decently and fairly warmly clad under 6d. per week, nor a family of five under 2s. 3d. per week. Household necessities (including fuel) he estimates at 2s. 8d. per family per week.

The investigations which would be made by the suggested special Commission or by the Labor Department might lead to a higher standard being fixed. It could hardly be put lower. The Postmen's Federation, in making elaborate calculations in connection with this subject some time ago, for the purpose of convincing the Postmaster-General that many of their number were unable to maintain physical well-being on the wage they received, naturally took a less modest basis than that adopted by Mr. Rowntree. Its figures total up to 50 per cent. more.

The minimum of food, clothing and indispensable household necessities having been determined, the law would enact that the national minimum wage in its two categories should provide for these, plus the rent of house room complying with the legal requirements of sanitation and accommodation.

## The Minimum Wage in Cash.

The translation of the national minimum of real wages into money wages according to the local variations in prices and rents, would be made a part of the duties of county councils and of borough

and urban district councils with populations of not less than 50,000. In London the county council should be the authority for this purpose.

There are good grounds for believing that in regard to the main items of the real wage, local variations in price will be found not to be very great, except, of course, in the case of rent and rates. The report of the enquiries made by the Postmen's Federation, to which reference has already been made, included definite returns as to the cost of living from 412 towns throughout Great Britain and Ireland, and these show that the prices of food stuffs do not vary to any considerable extent. The report adds that although an article of daily consumption may be cheaper in one part of the country, this advantage is usually counterbalanced by the higher cost of another article of common use.

By way of illustration, let us take Mr. Rowntree's estimate. In York, where rents are evidently low, the money wage for an adult man, reckoned as the responsible head of an average family, works out at 21s. 8d. per week. The rent in this case is put at 4s. per week. In London, house-room, satisfying legal requirements as to sanitation and accommodation for an average family, could not be obtained for less than 7s. 6d. per week. Certain is it that it cannot be built for less. This would bring the cash minimum wage for the metropolis to just about 25s., which robs the London County Council's "moral minimum" of 24s. of its austere virtue. These figures are given simply as illustrations, and must not be taken as representing the amount which ought to be fixed as the minimum cash wage. Mr. Rowntree's budget of food, clothing and shelter would most likely be rejected as being far too meagre.

Besides the duty of fixing the cash minimum wage for the district, the local bodies mentioned should be given the authority to enforce it. For this purpose a staff of local inspectors would be required. It would be well if these inspectors, although officials working under the direction of the local authority, were appointed and dismissed only with the sanction of the Labor Department, which should also be empowered to settle the qualifications required for the positions. A certain proportion of the salaries of the inspectors should be paid out of the Imperial Exchequer, as a return for the powers exercised by the Labor Department in connection with these officials.

### Trade Boards.

A necessary part of the administrative machinery would be trade boards in each acting local authorities' area for each trade or group of trades. The constitution of these boards would be on the lines of the Special Wages Boards of Victoria—say two or three representatives of the employers and an equal number of the employees, with a chairman. As the workers in trades within the scope of the Minimum Wage Law would in the main be without enough organization to elect representatives it should be the duty of the local authority to nominate them. In default of suitable persons inside a trade persons of ability and impartiality should be chosen from outside.



The chief function of these boards would be to translate the weekly minimum wage into piecework rates: that is to say to determine the number of articles to be made or the quantity of work to be done in an hour. This task implicitly involves the fixing of the length of the normal working week. There would be little difficulty in the case of factories and workshops where the number of hours is already fixed at 56 per week, but in domestic workshops it is impossible to regulate hours of labor. Domestic workshops must be placed on an equality with factories and workshops, unless we wish to put a premium on sweating; and the only way to do this is to enact that the boards shall convert the legal weekly wage into piece rates on the basis that for all classes of factories and workshops 56 hours constitute a normal week. Whatever the minimum wage may be one-fifty-sixth of it will be an hour's pay, and what the boards will have to do is to fix the number of articles to be made in an hour.

We might very well go a little further in imitation of Victorian precedents by making the rates for homework higher than those paid for work done in the employer's workrooms, and thus compensate the homemaker for the cost of rent, light, etc. Incidentally this would help to drive work out of the home into the workshop. In addition, the boards would deal with the proportion of children and young persons that might be employed, and the minimum wages to be paid to them, and with any other question relating to hours of labor and to wages arising through the operations of the Act and not already covered implicitly or explicitly by other industrial legislation.

These determinations—to use the term adopted in Victoria—of the trade boards would be sent to the Labor Department for ratification. Before ratification they would be checked by the Department for the purpose of amending any too great local variations in working hours, piecework rates or other details, and to ensure the greatest possible uniformity in the minimum conditions of any widely distributed trade. The Labor Department should also be empowered, in conjunction with the local authority, to assist in drawing up a determination when a trade board found it impossible to arrive at an agreement. When ratified by the Labor Department the determinations should have the force of law, and any employer not complying with their provisions should be liable to a heavy fine or imprisonment. Where collusion between employer and employed was discovered both parties should be punished proportionately. Inspectors would have the power to inspect the wages books of employers, and to institute proceedings under direction of the local authorities for any breaches, or suspected breaches, of the Act. Homework employers must now keep registers of the names and addresses of persons so employed and would further be compelled to take receipts for wages, showing the work done and the rate paid. The difficulties of enforcing a minimum wage for homework are certainly formidable; but they appear to have been surmounted in Australasia. With the occupation of those engaged as shop assistants, waiters, waitresses, and the like, or as domestic servants, the complications of

a wage paid partly in cash and partly in food and sleeping accommodation, and sometimes clothing, will be troublesome. But here, as in many other spheres of employment, much of the apparent difficulty in fixing a minimum wage arises from the present lack of systematization. By means of the trade boards it should be possible to evolve improved conditions for labor even out of the chaos of sweating in cheap retail drapery, or the over-worked life of the general slave to suburban snobbery or boarding-house brutality.

### The Minimum Wage Law in Operation.

It will have been noticed that the proposed law is not intended to be of immediate universal application. The Act would have to be applied gradually but systematically. The procedure would be as follows: Directly the minimum of real wages had been fixed by the Special Commission, or the Labor Department, the county council, borough council, or urban district council, as the case might be, would transform this wage into a local cash equivalent. It would then appoint its inspectors, who would enquire into the conditions of the local industries. This enquiry would not take up much time, as sweated industries are always well known. Taking the trades with the worst conditions first, the local authority, acting on the information and advice of its inspectors, would appoint trade boards in these occupations. This might be called scheduling a trade under the Minimum Wage Act. Directly the boards were appointed, the local authority would inform the Labor Department of the fact. The Labor Department would send the information to all other local authorities, instructing them at the same time to take immediate steps for the formation of trade boards in these scheduled trades, if any existed in their districts. This would systematize and hasten the work of arriving at determinations applying to the whole country. Directly such a determination had been made, public notification would be given of the date when it would come into operation. It would be necessary to arrive at determinations for the whole area of an industry before action was taken for enforcement, otherwise those portions of the country in which local authorities neglected or delayed their work might for a time undersell districts in which local authorities were active and conscientious. In cases of undue delay or culpable negligence on the part of any local authorities, the Labor Department should have the power to apply to their areas the determinations already made by other local authorities.

Proceeding in this way every trade could be brought under the operations of the Act. In practice there might be no necessity for the institution of trade boards in some industries owing to the prevalence of satisfactory conditions; and these industries might not therefore be scheduled. Still in connection with nearly every trade or group of trades there is a fringe of so-called unskilled labor which is not receiving sufficient for the maintenance of healthy existence. Hence it is likely that few occupations would remain outside the scope of the Act were it efficiently administered.

## Probable Effects of the Law.

As there will be local variations in the minimum cash wage owing chiefly to variations in rent there will be an increasing tendency for industries—so far as greater cost in wages is not compensated by market advantage, or proximity to sources of raw material—to move from the high rent to the low rent districts, that is to say, from the large and crowded manufacturing cities to the small town or to the country. Migration of this kind, which is already going on, is to be welcomed for obvious reasons. Homework, under a strict administration of our Minimum Wage Law, would tend to become more expensive than that carried on in the factory, and this handicapping of domestic industry would be a great social advantage. The institution of the trade boards would bring to the weakest sections of the workers a sense of the power of organization and combination which, it is not too much to predict, would induce them to use the minimum wage as a stepping-stone to further improvements in industrial conditions. That there would be at first a great deal of friction aroused by the minute inspection, especially of wages books, required by the law, is highly probable. But it must be remembered that to-day many public bodies, in order to investigate charges of breach of contract in matters of wage payments, insist upon the right to examine the books of firms who carry out public work. The higher the standing of the firm the less trouble there is in exercising this right. It is certain that in England, as in Australia, when the first horror of the shock caused by State interference with the cash nexus is over, the better employers will heartily welcome the means of ridding themselves of the competition of those who employ parasitic labor.

As to the effect of the law upon our foreign trade, Mr. and Mrs. Sidney Webb have shewn that the abolition of parasitic labor would not necessarily lead to a reduction in the volume of our export trade; and, moreover, that a sweated trade will not be lifted from its degraded position by a protective tariff on the products of a foreign, competing trade. But with the institution of a national minimum wage a new question arises, which is not altogether one of abstract economics. Under a Minimum Wage Law the manufacture of goods in England under sweated or parasitic conditions becomes unlawful, and by inference the sale of such goods ought to be made a breach of the law in the same sense as selling illicit whiskey. Therefore, it follows from a Minimum Wage Law that the importation of goods made under sweated conditions abroad must be prohibited. The difficulty of deciding what is the foreign equivalent of sweating, and the impossibility in many cases of tracing the foreign goods through all the processes of their manufacture, are obstacles to the complete enforcement of such regulations; but this is not a sufficient reason for abandoning the attempt.

## The National Dividend Increased.

What is the number of persons who would immediately feel the effects of the enactment of a legal minimum wage? If we take Mr.



Rowntree's figures with regard to the primary poverty in York as fairly representative of the whole kingdom, we should have about five millions of people who are members of families that have incomes insufficient to maintain merely physical efficiency. This is the class that breeds the weak, the unfit, in a word the residuum. Many of its members, it is true, would not be capable of earning even the low minimum suggested by Mr. Rowntree. These would become the unemployable. To the others, the largest proportion, an increased wage would give the increased mental and physical vitality which are a nation's real capital. The manufacture of human wreckage by the process of semi-starvation would be in great part checked and controlled. Indirectly the classes above this lowest would benefit. There would be a gradual growth in the national dividend, arising from the greater power of production due to the increase of physical efficiency, and the share of each grade and each trade in the dividend would be increased accordingly. A Minimum Wage Law cannot cure the evils which arise from the foolish spending of incomes small or great, but it would act as a palliative of those evils which arise from the existence of incomes that are insufficient for the barest necessities of life.

### POSTSCRIPT, JULY, 1911.

SINCE this Tract was published the Trade Boards Act, 1909, for the purpose of fixing legal minimum wages in sweated industries, has been in operation in connection with four trades, i.e., chain making, lace finishing, paper box making, and ready-made and wholesale bespoke tailoring. Determination of rates of wages have not yet been arrived at in all cases, but striking alterations have been made in the wages of women engaged in chain making, amounting to 80 per cent. increase; lace finishers and paper box makers have obtained improved conditions, while the work of fixing rates in the clothing trade is proceeding. All this, of course, is excellent; but it is only a beginning. The minimum rates under the Act are fixed on the basis of what "the trade will bear." To be really effective the minimum wage must be calculated on what the worker requires for physical health and efficiency.

For details of the working of the Trade Boards Act, see an article by J. J. MALLON, Secretary, National Anti-Sweating League, in the *Women's Industrial News*, April, 1911, 7 John Street, Adelphi, Strand, London, W.C.

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